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(9) Poll: Aso certain to become new LDP president, garnering over 300 votes

YOMIURI (Top play) (Excerpts)
September 15, 2008

Liberal Democratic Party Secretary General Taro Aso is almost certain to win the LDP presidential election on Sept. 22, a Yomiuri

Shimbun survey revealed on Sept. 14. The survey also showed that slightly less than 60 PERCENT of LDP members would vote for Aso. Out of the 141 votes given to the 47 prefectural chapters, about 100 votes are likely to go to Aso. As of the night of Sept. 14, 211 LDP Diet members, out of a total of 386, had decided to vote for Aso. As a result, Aso is likely to garner more than 300 votes, far exceeding an outright majority of the 527 votes, in the first voting.

The new LDP president will be elected after 386 Diet members and representatives from 47 local chapters, three from each, cast their ballots at a general meeting on Sept. 22 of LDP Diet members from both chambers.

The voter survey on LDP members was conducted on Sept. 12-14 by phone in all 47 prefectures. Of 1,545 people confirmed to be rank-and-file LDP members, answers were obtained from 1,069. Of them, 661 were men and 408 were women.

Asked whom they would vote for in the presidential election, 57 PERCENT said they would vote for Aso, while 10 PERCENT said they would vote for former Defense Minister Yuriko Koike. Former Policy Research Council Chairman Nobuteru Ishihara and Economic and Fiscal Policy Minister Kaoru Yosano tied for third with 7 PERCENT each. Only 4 PERCENT said they would vote for former Defense Minister Shigeru Ishiba.

(10) LDP presidential election: Trend supporting Aso accelerating; Prospects for securing majority of lawmaker votes now in sight

NIKKEI (Page 1) (Full)

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September 16, 2008

The trend supporting Secretary General Taro Aso in the upcoming Liberal Democratic Party's (LDP) presidential election to choose a successor to Prime Minister Yasuo Fukuda is accelerating in the run-up to the voting on September 22. He has obtained a prospect for securing a majority out of 386 votes from lawmakers belonging to the LDP. Former Secretary General Nobuteru Ishihara, former Defense Minister Yuriko Koike, former Defense Minister Shigeru Ishiba and State Minister for Economic and Fiscal Policy Kaoru Yosano are trying to garner votes from undecided lawmakers. They are also trying to recover from their setback by securing more votes from local chapters. Aso, who holds a commanding lead in the campaign, aims for victory in the first ballot involving 527 votes, combined with the regional ones.

With the growing view in the LDP that the Lower House will likely be dissolved in October, support for Aso is spreading widely because hopes are high that he will be the key person in the general election. According to a Nikkei poll carried out at the end of the early stage of the campaign, Aso has secured support not only from his own faction and the Ibuki and Nikai factions but also from an increasing number of other factions and unaffiliated lawmakers. He is taking the lead, having obtained support from about 60 PERCENT of members of the Machimura faction, to which Koike belongs, about 50 PERCENT of members of the Yamasaki faction, to which Ishihara belongs, and about 30 PERCENT of support from the Tsushima faction, to which Ishiba belongs.

The contest for second place is in a chaotic state. Yosano has secured a certain level of support from lawmakers, winning the support of the Upper House members of the Tsushima faction. Koike and Ishihara aim at achieving a rollback in local regions, making the best use of their high name recognition.

In the event that Aso can maintain the momentum of support from lawmakers, Yosano and other candidates would find it difficult to overtake first place, even if they obtain most of the votes from local chapters. However, since there are many lawmakers who have not yet made up their mind, there is a possibility of the situation changing.

Former Prime Minister Junichiro Koizumi on the 12th declared his

support for Koike. It is difficult to determine what impact this new development will have. In the Koike camp, Koizumi's protgs elected to the Diet in the so-called postal election in 2005 aim to secure additional votes. Some local chapters view that since Koizumi is still popular among the public, his support would have a strong impact on party members' voting behavior, as one senior official of a certain prefectural chapter in the Koshinetsu district said

In the meantime, regional areas are pinning hopes on economic pump-priming measures, based on the positive use of fiscal policy advocated by Aso. In a survey the Nihon Keizai Shimbun carried out last week targeting senior officials of the party's regional organizations, a majority replied that they support Aso (including individual opinions). Some said that few in the local areas have a high evaluation for Koizumi since they have suffered from the Koizumi reform policy, according to a senior official of a certain local chapter in East Japan.

(11) Calls growing in LDP for dissolution of Lower House at outset

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of extraordinary Diet session

TOKYO SHIMBUN (Page 1) (Full)
September 14, 2008

An increasing number of Liberal Democratic Party (LDP) members have begun to call on the government to dissolve the House of Representatives just after the new prime minister delivers a policy speech on Sept. 29. Now that Secretary General Taro Aso is almost certain to win an overwhelming victory in the LDP presidential election on Sept. 22, their calls stem from the prediction that the effect of the election buoying up the party might not last long.

The ruling coalition plans to officially designate the new LDP president who is elected in the presidential race on Sept. 22nd as the new prime minister on the 24th and set the new prime minister's policy speech for the 29th. A senior member of the Machimura faction said: "It is conceivable that the Lower House will be dissolved on Sept. 29 at the earliest. (In the event that the representative interpellation session is held for three days starting on Oct. 1,) Oct. 3 will also be an option." In the case in which the Lower House is dissolved by Oct. 3, the election on Oct. 26 will become a likely option.

Meanwhile, the Democratic Party of Japan (DPJ) has been calling on the LDP to delay dissolving the Lower House in exchange for its cooperation in getting a supplementary budget bill for fiscal 2008 through the Diet, according to informed sources yesterday.

The Government and the ruling coalition will score points if the extra budget, which earmarks expenses for comprehensive economic stimulus measures, clears the Diet. The DPJ, however, wishes to avoid an early election when support for the LDP is high by working to delay Lower House dissolution. It wishes to have the time to attack the new prime minister on such issues as sales of insecticide-contaminated rice and pension records falsified by the Social Insurance Agency.

In a joint press conference by the five candidates for the LDP presidential election, Aso said: "I will do my utmost to get the supplementary budget through the Diet at an early date."

Even in such a case, LDP members predict "only a single day as the number of days for deliberations each at the Lower House and the House of Councillors," as said by a senior party member. It is inconceivable that the DPJ will cooperate in enacting the budget bill only with brief deliberations, so the possibility is quite slim that both sides will be able to agree to dissolve the Lower House by talks.

(12) New prime minister may be chosen on Sept. 24

MAINICHI (Page 2) (Abridged slightly)
September 13, 2008

The Diet affairs chiefs of the ruling and opposition parties met yesterday in the Diet building to discuss a timetable for the next extraordinary Diet session. In the session, the ruling bloc proposed: (1) convening the extra Diet session on Sept. 24 and carrying out prime ministerial elections in the two Diet chambers on the same day; (2) the new prime minister's policy speech and the presentation of the fiscal 2008 supplementary budget to the Diet on

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Sept. 29; and (3) setting the period of the extra Diet at 68 days to run through Nov. 30. The opposition camp did not raise any objections.

The ruling bloc also presented plans for the new prime minister to attend the UN General Assembly on Sept. 25 and to submit to the next Diet session in late September or beyond a bill to extend the New Antiterrorism Special Measures Law and a bill to establish a Consumer Affairs Agency. Coordination is underway in the ruling camp to dissolve the Lower House in early October for a general election on Nov. 9.

The Democratic Party of Japan in the meeting underlined the need to have sufficient time for Diet interpellations after the prime minister's policy and budget deliberations.

(13) DPJ determines official candidates totaling 187

MAINICHI (Page 2) (Excerpts)
September 13, 2008

The Democratic Party of Japan officially determined on Sept. 12 its first group of candidates totaling 187 -- 108 incumbents, 44 new-face candidates, and 35 former lawmakers -- for 187 constituencies. The party has informally decided to field candidates for 246 districts. The list does not include 59 incumbents who were elected under the proportional representation system after being defeated in single-seat constituencies in the previous Lower House election and former lawmakers.

The first group was determined based on the election surveys that were conducted from late August. The Election Campaign Committee initially considered determining all official candidates, concluding that the next general election would be held earlier than expected due to Prime Minister Yasuo Fukuda's decision to step down. But the plan was altered because party head Ichiro Ozawa insisted on drawing a line based on the election surveys.

The party, which eventually plans to field some 260 candidates in all, including the first 187, intends to determine its second group of candidates after conducting further surveys before the Lower House is dissolved.

(14) Sankei-FNN poll on Fukuda cabinet, political parties, post-Fukuda premiership

SANKEI (Page 5) (Full)
September 13, 2008

Questions & Answers

(Note) Figures shown in percentage. Figures in parentheses denote findings from the last Sankei-FNN survey conducted Aug. 2-3.

Q: Prime Minister Fukuda has announced his resignation. Do you support his cabinet?

Yes 11.5 (29.3)
No 77.9 (51.5)
Don't know (D/K) + Can't say which (CSW) 10.6 (19.2)

Q: Which political party do you support?

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Liberal Democratic Party (LDP) 29.1 (27.0)
Democratic Party of Japan (DPJ or Minshuto) 23.8 (26.6)
New Komeito (NK) 3.5 (4.0)
Japanese Communist Party (JCP) 3.2 (3.1)
Social Democratic Party (SDP or Shaminto) 1.7 (1.2)
People's New Party (PNP or Kokumin Shinto) 0.2 (0.6)
New Party Nippon (NPN or Shinto Nippon) 0.0 (0.0)
Other answers (O/A) 1.2 (1.3)
None 35.0 (34.3)
D/K + Can't say (C/S) 2.3 (1.9)

Q: Do you appreciate Prime Minister Fukuda and his cabinet on the following points?

Performance since coming into office
Yes 13.8 (14.1)
No 74.1 (69.7)
D/K+CSW 12.1 (16.2)

Timing for his resignation
Yes 14.2
No 75.2
D/K+CSW 10.6

Reason for his resignation
Yes 12.8
No 73.2
D/K+CSW 14.0

Q: Do you look forward to the LDP presidential election?

Yes 32.0
No 62.9
D/K+CSW 5.1

Q: Do you hope DPJ President Ichiro Ozawa will become prime minister?

Yes 30.5
No 62.7
D/K+CSW 6.8

Q: Do you appreciate DPJ President Ozawa's campaign pledge in his party's recent presidential election?

Yes 19.9
No 28.5
D/K+CSW 51.6

Q: Do you think the following economic policy measures are important?

Boost the economy for the time being even by issuing deficit-covering bonds
Yes 37.4
No 52.1
D/K+CSW 10.5

Restore fiscal health
Yes 53.8

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No 36.7
D/K+CSW 9.5

Continue Koizumi reforms for economic growth
Yes 37.2
No 48.4
D/K+CSW 14.4

Q: Which one do you think is appropriate for prime minister between each of the candidates in the LDP presidential election and DPJ President Ozawa?

Ishihara and Ozawa
Ishihara 31.0
Ozawa 52.2
D/K+CSW 16.8

Koike and Ozawa
Koike 29.8
Ozawa 53.8
D/K+CSW 16.4

Aso and Ozawa
Aso 55.3
Ozawa 29.4
D/K+CSW 15.3

Ishiba and Ozawa
Ishiba 25.6
Ozawa 55.9
D/K+CSW 18.5

Yosano and Ozawa
Yosano 32.2
Ozawa 48.7
D/K+CSW 19.1

Q: What would you like the post-Fukuda cabinet to pursue on a priority basis?

Fiscal policy to cut down on waste 30.4
Social security, including healthcare and pension systems 29.1
Economic measures, including price stabilization 18.5
Administrative reform 8.6
Global warming 4.4
Tax reform, including the consumption tax 3.9
North Korea issues 2.4
Decentralization 1.6
D/K + C/S 1.1

Q: Are you disappointed at the recent political news?

Prime Minister Fukuda's announcement of his resignation
Yes 64.8
No 30.9
D/K+CSW 4.3

Junior LDP lawmakers' giving up of their candidacies for the LDP presidential election
Yes 35.8
No 53.4

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D/K+CSW 10.8

Some people left the DPJ and formed the Reform Club (Kaikaku Kurabu)
Yes 31.4
No 51.4
D/K+CSW 17.2

Yumiko Himei, who clarified her intention to join the Reform Club, has taken back her word to leave the DPJ
Yes 54.0
No 30.4
D/K+CSW 15.6

The DPJ presidential election was without voting
Yes 49.1
No 39.1
D/K+CSW 11.8

Q: When do you think it is appropriate to hold the next election for

the House of Representatives?

Shortly after the post-Fukuda cabinet comes into office 34.9

Within the year 31.9

During the first half of next year 15.2

During the latter half of next year 11.0

D/K+C/S 7.0

Q: Which political party's candidate would you like to vote for in your electoral district at the time of the next election for the House of Representatives?

LDP 34.4

DPJ 35.2

NK 3.8

JCP 3.7

SDP 2.1

PNP 0.4

NPN 0.1

Other political parties 1.3

Independent 7.4

D/K+C/S 11.6

Q: Which political party would you like to vote for in your proportional representation bloc at the time of the next election for the House of Representatives?

LDP 34.3

DPJ 34.6

NK 5.1

JCP 4.8

SDP 2.4

PNP 0.6

NPN 0.6

Other political parties 6.6

D/K+C/S 11.0

Q: Do you think you are a floating voter unaffiliated with any political party?

Yes 56.5

No 38.0

D/K+CSW 5.5

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Polling methodology: The survey was conducted Sept. 10-11 by the Sankei Shimbun and Fuji News Network (FNN) over the telephone on a computer-aided random digit dialing (RDD) basis. For the survey, a total of 1,000 persons were sampled from among men and women, aged 20 and over, across the nation.

(15) Overseas mergers and acquisitions by Japanese firms jump 2.8 fold over year ago in Jan-Aug period

NIKKEI (Top Play) (Full)
September 13, 2008

Mergers and acquisitions (M&A) overseas by Japanese firms are sharply increasing, with transactions totaling 4.56 trillion yen in the January-August period this year. This is a 2.8 fold increase over the same period a year ago and the second-highest level ever on an annualized basis. Now that the domestic market has already attained maturity owing to Japan's aging society and declining birthrate, Japanese companies, on the strength of their ample supplies of capital, are looking for growth opportunities overseas. In contrast, M&As by U.S. and European firms overseas have significantly decreased.

The share of Japanese manufacturers' sales overseas has been increasing annually, hitting a record 45 PERCENT in the fiscal year that ended in March. The sharp rise in M&As overseas reflects business strategies by Japanese firms to operate abroad. In previous overseas M&A sprees around 1990 and around 2000, Japanese firms poured money into bubbles in such specific areas as real estate and information technology. The recent investment boom, however, is

aimed at obtaining market shares and technologies overseas -- different in nature from the past strategies.

In the pharmaceutical industry, in which large-scale M&As have been concluded, leading domestic firms have been shifting their main focus away from the domestic market, which is sluggish due to reduced medical spending, to growing overseas markets. Takeda Pharmaceutical Co. bought the U.S. firm Millennium Pharmaceuticals Inc. for about 900 billion yen, the largest-scale M&A case this year. Daiichi Sankyo Co. has decided to purchase the largest pharmaceutical company in India, paying up to 500 billion yen.

Financial institutions are also eagerly opting for M&As. Tokio Marine Holdings Inc. has decided to invest approximately 500 billion yen in purchasing a medium-ranking U.S. insurer. According to M&A consultant firm Recof Corp., the value of Japanese firms' M&A transactions with foreign firms between January and August is the second-highest level ever, following the 8.6 trillion yen recorded in all of 2006.

The current spree of M&As has been supported by cash reserves at listed domestic firms that exceeded 60 trillion yen as of the end of March 2008. According to Thomson Reuters, a leading U.S. financial information company, U.S. firms' M&As overseas in the January-August period decreased by half, compared with the previous year, to 117.5 billion dollars, or approximately 12.6 trillion yen. European companies' M&As plunged 32 PERCENT .

In the U.S. and Europe, financial institutions are reluctant to offer funds for M&As due to the subprime mortgage crisis. "With few debts, Japanese firms' fiscal strength has relatively improved

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internationally, and they now find it easier to buy foreign firms due to a global stock price decline," says Yutaka Harada, chief economist at Daiwa Research Institute. Japanese firms will be tested over how skillfully they will be able to manage the foreign companies they placed under their wings.

ZUMWALT